



**Director of
Central
Intelligence**

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EL SALVADOR: Guerrilla Leadership in Disarray

The recent deaths in Managua of top Salvadoran guerrilla leaders are a major political setback for the insurgent alliance and may prompt an internal power struggle. [redacted]

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The Nicaraguan Interior Ministry on Wednesday announced the suicide of Cayetano Carpio, the ranking leader of the insurgency. He reportedly killed himself last week after learning that the Sandinistas had arrested members of his general staff for the recent murder of Melida Anaya, his second in command. [redacted]

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Comment: Carpio was the founder and driving force of the largest and most doctrinaire of the five guerrilla factions in El Salvador. His death and the apparent breakup of the faction's command structure in Managua probably will encourage rival organizations to expand their own bases of political and military support. It is possible that Carpio was murdered as part of a plot by rivals to seize control of the insurgent alliance. [redacted]

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The current disarray in the guerrilla leadership is a blow to the insurgents' efforts to promote an image of unity. It also weakens their credibility as they seek to disrupt the government's election plans and force negotiations on their terms. In addition, their military initiatives will be difficult to sustain if rivalries in Managua interrupt coordination and planning among the factional guerrilla groups in the field. [redacted]

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USSR-CUBA: Increase in Economic Aid

Cuba has announced that the USSR increased its economic aid by 20 percent last year and will increase it further this year.

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First Deputy Premier Arkhipov, who is responsible for economic matters, attended the annual bilateral economic commission meeting in Havana last week. The USSR supplied an estimated \$3.9 billion in economic aid in 1981 and \$4.7 billion last year. Most of the aid was provided in the form of subsidized prices both for sugar purchases and for Soviet petroleum sales.

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The reported increase in Soviet aid is evidence that Moscow will continue to help Cuba, as President Castro tries to deal with the most difficult economic situation Cuba has experienced since he came to power. The USSR presumably considers the economic aid—and the estimated \$590 million in military aid last year—to be worthwhile in view of Cuba's role in Central America, the Caribbean, and Africa.

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The Soviets will continue to urge Cuba to manage its economy better to limit the amount of aid they have to provide. In dollar terms, Soviet economic and military aid appears to have tripled over the past eight years as a result of falling world sugar prices, increased oil prices, and the modernization of the Cuban armed forces.

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There is no direct evidence that the Soviet regime under General Secretary Andropov is taking a tougher line with Cuba. Moscow's attempts to cut back its foreign aid is part of its current effort to help solve domestic economic difficulties.

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WEST GERMANY-EAST GERMANY: Strained Relations

West German conservatives are trying to exploit the recent suspicious death of a West German citizen in East Germany to force a tougher posture by the Kohl government toward East Germany.

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The West German's death, which occurred during an interrogation on 10 April, was publicized a week later just before East German economics chief Mittag arrived in West Germany to discuss economic cooperation and a possible summit. Kohl canceled his meeting with Mittag in protest and telephoned East German leader Honecker to demand an investigation.

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Elements of the conservative press attacked the government for allegedly trying to play down the matter. Christian Social Union leader Strauss proclaimed the incident a "murder" and compared East Germans to Nazi war criminals. Economics Minister Lambsdorff—a Free Democrat—criticized Strauss's outburst. In turn, Lambsdorff was criticized by Strauss's party for "flourishes of appeasement."

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Comment: The government has not yet established an official position on intra-German relations, largely because of differing views within and among the coalition parties.

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Moreover, Kohl probably saw advantages in pursuing an intra-German summit meeting tentatively planned for later this year. The incident, however, makes a summit at that time less likely.

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The public attention focused on the incident will reduce Kohl's latitude to make concessions that do not clearly benefit both sides equally, as conservative leaders have been demanding. This could make intra-German agreements more difficult to attain, thereby prolonging the current stagnation in relations.

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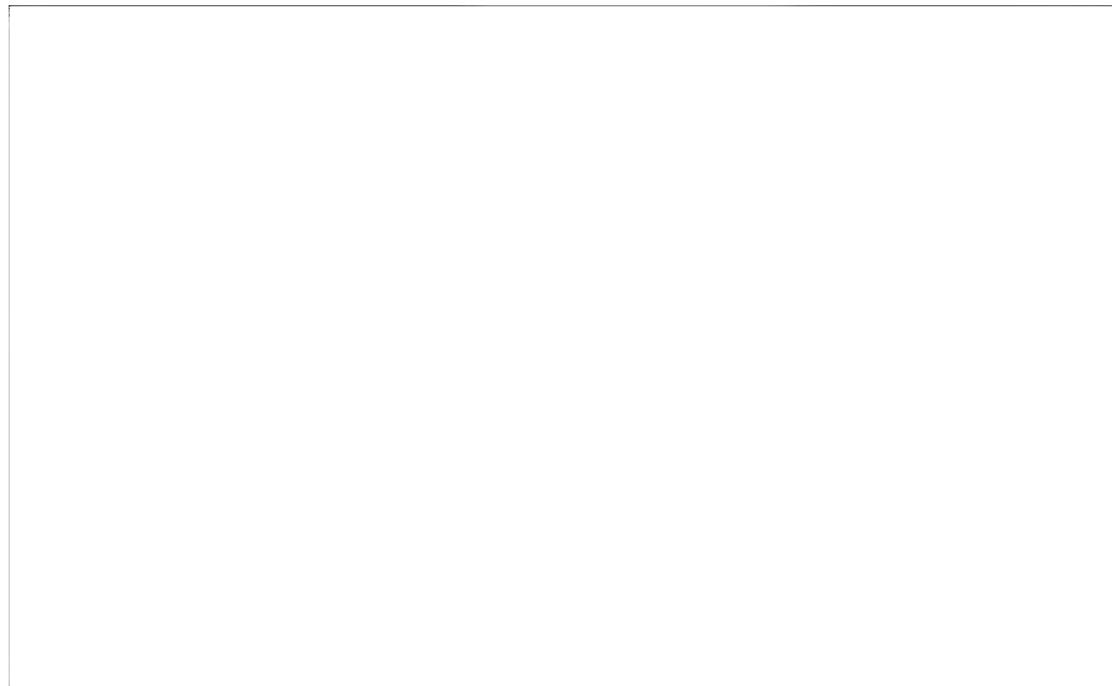
USSR-LEBANON-US: Soviet Comments on Bombing

Soviet media—after a period of brief, factual reporting—have begun to use the bombing of the US Embassy in Beirut to criticize US policy in Lebanon and the Middle East. A TASS commentary on Wednesday, pointing to the US announcement of a CIA official's death in the explosion, castigated the CIA's "subversive" role throughout the Middle East. Radio Moscow in an Arabic broadcast yesterday linked the bombing directly to the unresolved Lebanese and Middle East crisis and to US support for Israeli "expansionism." An earlier broadcast implied that the Israelis were responsible for the explosion.

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Comment: The Soviets are likely to portray the incident to Arab audiences as "proof" of Lebanese popular opposition to the US presence in Lebanon. The recent expulsions of Soviet intelligence officers from Western Europe and the publicity given to the defection last year of a KGB official stationed in Iran are added incentives for Moscow to squeeze maximum propaganda from the US statement concerning the CIA official.

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GUATEMALA: Assassination Plot

The government has announced that it has foiled a plot to kill President Rios Montt and possibly other government ministers. Three gunmen, who are still free despite their identification by the government, reportedly were hired in Honduras by an unnamed political faction.

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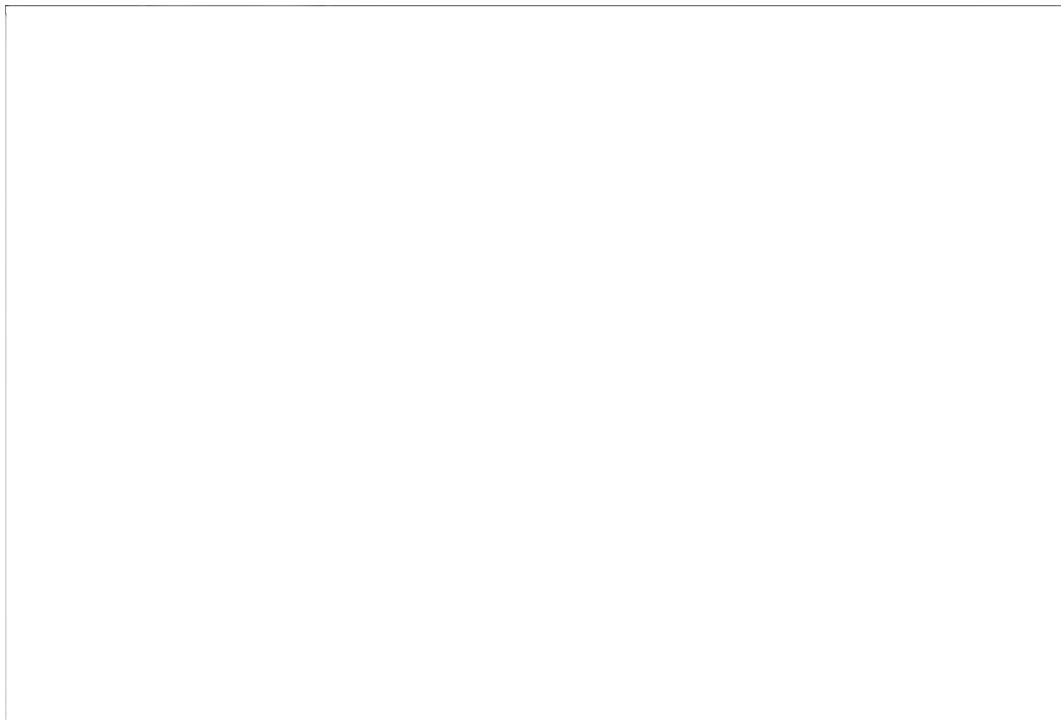
AUSTRALIA-CHINA: Premier Zhao's Visit

Discussions in Canberra this week between Prime Minister Hawke and Chinese Premier Zhao focused on China's opposition to any resumption of Australian economic aid to Vietnam, and not on bilateral trade issues as originally expected. Zhao stressed that aid would not reduce Vietnam's dependence on the USSR but would serve to legitimize its occupation of Kampuchea. Hawke emphasized that no action on aid would be taken without consulting with the ASEAN members and the US. The Prime Minister, who would like to develop Australia's role as a mediating middle power in Southeast Asia, also expressed concern about the shelling on the Sino-Vietnamese border and offered to help in settling the Kampuchea problem.

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Comment: Foreign Minister Hayden almost certainly will encounter more objections to the aid proposal during his visits next week to ASEAN countries. The proposal, which was part of the Labor Party's election platform, is largely designed to placate the party's left wing.

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Special Analysis

IRAN: Tehran's Terrorist Campaign

The bombing of the US Embassy in Beirut is only part of Iran's campaign to promote political instability throughout the Middle East. Iran's ruling clerics believe it is their religious duty to foster Islamic governments along Iranian lines. The US, Israel, and moderate Arab states are viewed as threats to the achievement of this goal. Although there is a wide variation in views among Iranian leaders on how aggressively to pursue their goals, the success of Iran's attacks will strengthen the position of those in the regime who advocate the use of terrorism and subversion.

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Deputy Foreign Minister Sheikholeslam, who played a leading role in the taking of the hostages at the US Embassy, and Deputy Foreign Minister Mansuri, a former Revolutionary Guard leader, are active in promoting subversive activities. Ayatollah Montazeri, Ayatollah Khomeini's apparent heir, and his supporters in the Revolutionary Guard also are advocates of subversion.

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President Khamenei, Assembly Speaker Rafsanjani, and other conservative senior officials often go along with aggressive policies. They use the subversive activities of independent clerics outside the government to intimidate other regimes in the Persian Gulf region. Foreign Minister Valeyati and former Prime Minister Ayatollah Mahdavi-Kani, however, generally favor nonviolent methods of exporting the Iranian revolution.

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Tehran's subversive actions are most likely to be used to protect Iran's own revolution and to foster the emergence of Islamic fundamentalist regimes sympathetic to Iranian interests. They also are designed to reduce superpower influence in the Middle East.

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Iranian Presence in Lebanon

Iranian subversive activities in Lebanon are aided by sectarian violence and the presence of pro-Iranian Shia groups. The Iranians also can pick from a variety of targets, including US, Israeli, and West European troops and installations.

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Iran maintains several hundred Revolutionary Guards in the Syrian-controlled sector of Lebanon. They are involved in

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propaganda activity and the recruitment of Lebanese Shias for training in Iran. [redacted]

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The Guard is closely allied with two breakaway factions of Amal, Lebanon's mainline Shia organization. The larger group, which has a few hundred men, is under the command of Husayn Musawi. It also has ties with Syria. [redacted]

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Actions Against Iraq

The Iranians also have carried out numerous acts of terrorism against Iraqi targets. Iranian-backed Shia dissidents, for example, have claimed responsibility for five car bombings over the last year against Iraqi installations:

- Last August a car carrying explosives blew up in front of the Iraqi Embassy in Paris.
- In the same month a car filled with explosives was driven by a Shia terrorist team into the Ministry of Planning in Baghdad, killing at least 50 people.
- In December a car bomb outside the Iraqi News Agency building in Baghdad killed several bystanders.
- Yesterday two car bombings in Baghdad inflicted heavy damage to a hotel and the Air Force headquarters. [redacted]

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Iran also is working with Syria against the Iraqi Government. [redacted]

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Activity Against Other Countries

Elsewhere in the Persian Gulf region, Iran is working hard to undermine the government of Bahrain. [redacted]

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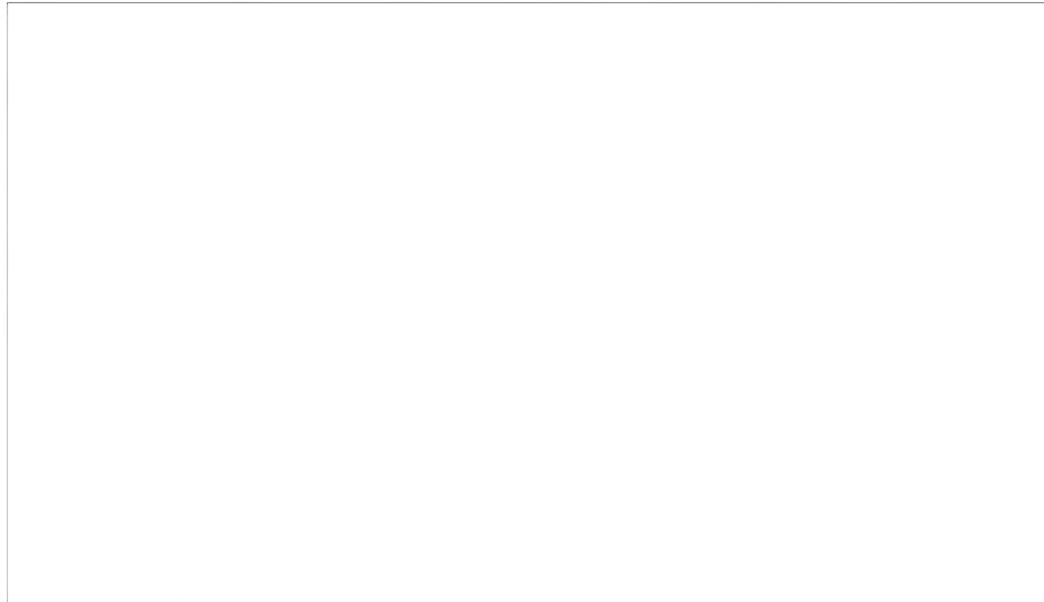
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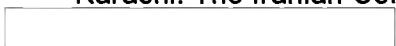


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In Pakistan, Iranian students organized and encouraged by the Iranian Consul General and members of his staff reportedly were involved in the bombing of French facilities in Karachi this year. Iranian-backed Iraqi Shia dissidents also claimed credit for these attacks. [redacted]

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The Iranian diplomats also played a prominent role in encouraging the Shia sit-in that has led to sectarian fighting in Karachi. The Iranian Consul General subsequently was expelled.



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Special Analysis

USSR-ASEAN: Bid for Better Relations

Soviet Deputy Foreign Minister Kapitsa's recent visits to the ASEAN states—Indonesia, Malaysia, Thailand, Singapore, and the Philippines—were aimed largely at improving relations and at containing China's influence in the region. The USSR's support for Vietnam, however, remains a major obstacle to any change in the Soviets' overall position in Southeast Asia.

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Last December Kapitsa was assigned responsibility for China and for East and Southeast Asia. He is a China specialist, and he reportedly believes that his predecessor's failure to pay enough attention to ASEAN enabled Beijing to increase its influence with the member states.

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In addition to undercutting China's prestige, the USSR's other objectives in the region include trying to reduce ASEAN military cooperation with the US and obstructing defense coordination within the organization. Moscow also wants to allay ASEAN's worries about Soviet naval activity in the area. The sea routes through the region are vital to the USSR's access to the Indian Ocean.

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Soviet trade last year with ASEAN was five to one in ASEAN's favor, and Moscow wants to achieve a better balance—while obtaining needed raw materials. Moreover, the Soviets are seeking ASEAN's support in opposing an expanded Japanese military role, and they hope to reduce hostility on the Afghanistan issue.

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The Vietnam Obstacle

The achievement of these objectives is hindered primarily by Moscow's support for Hanoi. Nonetheless, the Soviets regard their relationship with the Vietnamese as a major barrier to the expansion of Chinese influence.

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ASEAN countries view Soviet backing for Vietnam as essential to Vietnamese policies that they fear, particularly Hanoi's efforts to consolidate military and political control of Kampuchea. They also are disturbed by the USSR's use of military facilities in Vietnam.

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The USSR is trying to assuage the concerns of the ASEAN states by urging them to reconcile their differences with Vietnam and by seeking to heighten their suspicions of China. Kapitsa attempted to

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convince his hosts of Hanoi's desire for a cooperative relationship with ASEAN and its interest in resolving the Kampuchea problem. He urged the members to reverse their stand against a joint conference with Vietnam to discuss the problem. [redacted]

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Kapitsa tried to back up this approach by warning in Singapore that continued ASEAN support for the Kampuchean coalition might lead Vietnam to arm Communist insurgents in ASEAN countries. His threat produced hostile responses in several countries, and the Soviets later insisted that the USSR itself has no intention of arming insurgents. [redacted]

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Most insurgents in the ASEAN area are pro-Chinese rather than pro-Vietnamese, and the Soviets have not made a significant effort recently to support local Communists and dissident groups. The growing Communist insurgency in the Philippines could attract Soviet support, however, if it shows the potential to topple President Marcos. [redacted]

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Other Issues

Soviet intelligence operations against ASEAN governments and against overseas Chinese communities in the member states have been a major irritant. Suspicions of the USSR have increased in recent years as a result of revelations about Soviet spies in Malaysia, Singapore, and Indonesia. Moscow currently is trying to reduce ASEAN suspicions and obtain the removal of visa restrictions imposed on Soviet officials. [redacted]

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The USSR has few economic incentives to offer the ASEAN nations, which in trade matters are oriented toward Japan, the US, and Western Europe. Moreover, Moscow even reduced its imports last year as part of its effort to limit hard currency purchases. [redacted]

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Several countries have rejected Soviet overtures to establish ship repair facilities, largely for fear that this would facilitate KGB operations. The Philippines, however, has been seeking Soviet financing for a cement plant. This would be Moscow's only aid project in the region, but talks are at a stalemate. [redacted]

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Need for New Tactics

Kapitsa probably recognizes that he disappointed his ASEAN hosts by simply restating standard Soviet policies. He may believe it is necessary for Moscow to devise some new—but essentially cosmetic—approaches. A possible sign of this was Soviet Foreign Minister Gromyko's recent meeting in Moscow with the three Indochinese Ambassadors to call for a solution to the Kampuchean problem. [redacted]

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Vietnam's recent attacks on Kampuchean resistance camps along the Thai border, however, have further soured ASEAN attitudes toward any repackaged proposals for negotiations. In any event, Moscow's continued support for Hanoi is likely to preclude any substantial increase in the USSR's influence or standing in the region.

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